

**MINUTES OF THE
BUSINESS, ECONOMIC DEVELOPMENT, & LABOR
APPROPRIATIONS SUBCOMMITTEE
Room 210, Senate Building
January 25, 2012**

Members Present: Sen. Jerry Stevenson, Senate Chairman
Rep. Todd Kiser, House Chairman
Rep. Ryan Wilcox, House Vice Chair
Sen. Casey Anderson
Sen. Curtis S. Bramble
Sen. Gene Davis
Sen. Ralph Okerlund
Sen. Stuart C. Reid
Rep. Stewart E. Barlow
Rep. Brian Doughty
Rep. James A. Dunnigan
Rep. Brian King
Rep. Jeremy Peterson
Rep. Val Peterson
Rep. V. Lowry Snow

Members Absent: Sen. Stephen H. Urquhart

Staff Present: Dr. Andrea Wilko, Chief Economist
Mr. Zackery King, Fiscal Analyst
Ms. Rosemary Young, Committee Secretary

Note: A list of visitors and copy of handouts will be filed with committee minutes.

Rep. Kiser called the meeting to order at 8:15 a.m., invited the committee members to introduce themselves, and introduced the staff.

Dr. Wilko explained how committee members and others can access the materials in their binders electronically through the COBI on the Legislature page or through the hyperlinks in the agenda. She explained that the committee has three options as they deal with the federal funds requested by the agencies: adopt as requested, refuse as requested, or amend as requested. Each agency was asked per H.B. 138 to explain how they would deal with a 5 % or 25 % reduction in federal funds and how such a reduction would impact their programs. Each was also asked to give detail on the grants they've applied for.

Department of Community and Culture

Kimball Hale, Finance Director, and Kimberly Schmelling, Finance Manager for Division of Housing and Community Development, through a handout reviewed the programs under the

department's direction and fulfilled the requirement of H.B. 138. For detail refer to the Issue Brief hyperlinked to the agenda in the media archive. Ms. Schmelling reported that Utah has chosen to loan federal and state money for housing which means that there is a return on investment whereas other states have granted that money and are now out of funds. Sen. Stevenson pointed out that the Department of Community and Culture positively affects the quality of many lives. Rep. Kiser reminded the committee that DCC has 30 federal grants and therefore needed a larger block of time to report.

Governor's Office of Economic Development

Spencer Eccles, Executive Director, with Sophia DiCaro, Deputy Director, reported that the department has four federal grants primarily one-time funding, and cuts are not anticipated. Should they occur, the department would simply reduce activity. Details of the grants can be found in the Issue Brief previously referred to. Rep. Dunnigan asked that GOED pursue the Level 1 Establishment Grant for the Utah Health Exchange and raise the amount asked for. He would recommend that the additional amount be used for operation of the exchange.

Insurance Commission

Neal Gooch, Commissioner, and Tanji Northrup, Assistant Commissioner, discussed the federal funds as found in the Issue Brief.

Public Service Commission

Gary Widerburg, Commission Secretary, using a handout explained the ARRA grant from the U.S. Department of Energy, its purposes, implementation, and actions to be taken in case of a reduction. Dr. John Harvey, Utility Analyst, discussed the Department of Commerce ARRA one-time grant also found in the handout whose purpose is to gather comprehensive and accurate state-level broadband mapping data to be used in the development of a national broadband map.

This grant has already been approved and funded, and it is unlikely that a reduction would occur. Further detail may be found in the Issue Brief.

Tax Commission

Barry Conover, Executive Director, accompanied by Julie Alsop, Budget Manager, reviewed the federal funds as found in the Issue Brief and discussed the problems with non-compliance in use of dyed diesel fuel.

Utah Science Technology and Research Initiative

Michael O'Malley, Marketing Director, extended regrets from Executive Director Ted McAleer who is speaking at the National Governors Assn. Economic Development Conference. Through a handout Mr. O'Malley reported that the ARRA funds have been fully utilized; The FAST grant for SBIR center is currently in process; the USTAR teams won \$28.5 mm in federal grants in FY2011 which represents 500 to 600 jobs. Loss in federal funds would be a lost opportunity cost. Use of the ARRA funds resulted in 21 new startup companies and \$18.7 million in private equity and 110 jobs. The use of the new facilities at the two universities has resulted in increased federal grants.

Labor Commission

Sherrie Hayashi, Chairman of the Labor Commission, reviewed the federal grants as found in the Issue Brief and reported that any reduction in federal funds would not necessitate a change in statute or rules as enforcement obligations would continue under state laws. Reductions would result in a reduction in cases resolved and the time needed for resolution. The largest grant in Occupational Safety and Health 23G requires a certain level of staffing from federal OSHA, but if funding were withdrawn it would necessitate a discussion as to whether they can hold the states to that level of staffing.

MOTION: Sen. Davis moved to adjourn. The motion passed unanimously with Sen. Bramble, Rep. King and Rep. J. Peterson absent for the vote.

Rep. Kiser adjourned the meeting at 9:45 a.m.

Sen. Jerry Stevenson, Chair

Rep. Todd Kiser, Chair

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